

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0338-01  
Bill No.: HB 27  
Subject: Boats & Watercraft; Motor Vehicles; Taxation and Revenue  
Type: Original  
Date: January 29, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
General Revenue	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on General Revenue Fund*</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>

\*Expected to exceed \$100,000 annually.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
Various State Funds	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on Other State Funds*</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>

\*Expected to exceed \$100,000 annually.

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Local Government*</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>	<b>(UNKNOWN)</b>

\*Expected to exceed \$100,000 annually.

## FISCAL ANALYSIS

### ASSUMPTION

Officials of the **Office of Administration, Budget and Planning (BAP)** assume this proposal would provide a sales tax exemption for new motor vehicles and new watercraft assembled in Missouri. BAP states that DOR does not have the data required to estimate the impact of this proposal. BAP examined Census Bureau data from the "Census of Manufacturing" that deals with manufacturing "Value of Shipments" data by state. BAP assumes this data, however, is not adequate for estimating the impact of this bill. This bill would have no impact on BAP.

Officials of the **Department of Revenue (DOR)** assume this proposal would not fiscally impact their agency. DOR states that the amount distributed to the cities and counties from the sales tax collected on motor vehicle and boat sales will be reduced.

According to internet research, **Oversight** located two watercraft manufacturers in Missouri. One of the manufacturers has four locations in Missouri and produces an estimated 10,000 boats per year in a price range of \$6,000 to \$20,000. These boats are shipped throughout the U.S. for resale. No information is available for the other manufacturer. Also, three automakers have plants in Missouri.

ASSUMPTION (continued)

**Oversight** assumes, for purposes of this fiscal note, this proposal would decrease sales/use tax collections from the sale of motor vehicles and watercraft. This amount is unknown, therefore **Oversight** will reflect the revenue impact of this proposal as a negative unknown to various state and local funds, expected to exceed \$100,000 annually.

**This legislation could decrease total state revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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**GENERAL REVENUE FUND**

Loss - General Revenue

Decrease in sales tax for new motor vehicles & watercraft manuf. in MO	<u>—(Unknown)</u>	<u>—(Unknown)</u>	<u>—(Unknown)</u>
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<b>TOTAL ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS*</b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>
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**\*Expected to exceed \$100,000 annually.**

**VARIOUS STATE FUNDS**

Loss - Various State Funds

Decrease in sales tax for new motor vehicles & watercraft manuf. in MO	<u>—(Unknown)</u>	<u>—(Unknown)</u>	<u>—(Unknown)</u>
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<b>TOTAL ESTIMATED NET EFFECT ON VARIOUS STATE FUNDS*</b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>	<b><u>(UNKNOWN)</u></b>
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**\*Expected to exceed \$100,000 annually.**

FISCAL IMPACT - Local Government

FY 2004  
(10 Mo.)

FY 2005

FY 2006

**VARIOUS LOCAL FUNDS**

Loss - Various Local Funds

Decrease in sales tax for new motor  
vehicles & watercraft manuf. in MO

(Unknown)

(Unknown)

(Unknown)

**TOTAL ESTIMATED NET EFFECT  
ON VARIOUS LOCAL FUNDS\***

(UNKNOWN)

(UNKNOWN)

(UNKNOWN)

**\*Expected to exceed \$100,000 annually.**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

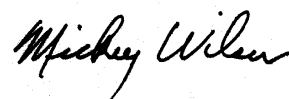
DESCRIPTION

This proposal exempts from state and local sales and use taxes all sales of new motor vehicles and new watercraft assembled in Missouri on or after January 1, 2004.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Office of Administration  
Division of Budget and Planning



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January 29, 2003